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DAMON R. TALLEY

ATTORNEY AT LAW

March 19, 2004

Mr. Thomas M. Dorman
Executive Director
Public Service Commission
P.O. Box 615
Frankfort, KY 40602

RECEIVED

MAR 22 2004


**PUBLIC SERVICE
COMMISSION**

RE: Lane and Parker Complaints -- Case No. 2003-00399
Garrard County Water Association, Inc.

Dear Mr. Dorman:

Enclosed for filing are the original and four (4) copies of the direct testimony of Harold C. Ward which is being filed on behalf of the Garrard County Water Association, Inc. This is the only direct testimony which Garrard Water plans to file.

Yours truly,
DAMON R. TALLEY, P.S.C.


DAMON R. TALLEY, ATTORNEY FOR
GARRARD COUNTY WATER
ASSOCIATION, INC.

DRT:ln

Enclosures

cc: Garrard County Water Association, Inc.
Dathan Lee Lane
Donald Parker

**COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION**

IN THE MATTER OF:

DATHAN LEE LANE AND
DONALD PARKER

COMPLAINANTS

VS.

GARRARD COUNTY WATER ASSOCIATION, INC.

DEFENDANT

RECEIVED

MAR 22 2004

PUBLIC SERVICE
COMMISSION

CASE NO. 2003-00399

** ** * **

TESTIMONY OF HAROLD C. WARD

ON BEHALF OF

GARRARD COUNTY WATER ASSOCIATION, INC.

** ** * **

Q1 State your name and business address.

A Harold C. Ward, Garrard County Water Association, Inc., 315 Lexington Road, P. O. Box 670, Lancaster, Kentucky 40444.

Q2 What is your job title at the Garrard County Water Association, Inc?

A I am the President and Executive Director of the Garrard County Water Association, Inc.

Q3 Do I have your permission to refer to the Garrard Water County Water Association, Inc. as “Garrard Water” throughout the rest of your testimony?

A Yes, you do.

Q4 What are your duties as President and Executive Director of Garrard Water?

A Basically, I serve as the CEO of Garrard Water. I preside over the meetings of the Board of Directors of Garrard Water. I also supervise all the employees of Garrard Water and see that the policies adopted by the Board of Directors are executed.

Q5 Are you employed full-time by Garrard Water?

A No. The job is considered part-time, but I work 1,000 to 1,500 hours per year.

Q6 How long have you served as a member of the Board of Directors?

A Since 1975.

Q7 How long have you served as President and Executive Director?

A I was first elected President around 1978 and have served continuously in that capacity since that time except for one term of 2 or 3 years in the mid 1980's.

Q8 What is your educational background?

A I graduated from the Paint Lick High School in Garrard County. After that I attended Centre College where I received a Bachelor of Arts Degree in 1965.

Q9 Tell us some general information about Garrard Water.

A Garrard Water is a non-profit water association which owns and operates a water distribution system. We provide water service to most parts of Garrard County, except for the City of Lancaster. We also serve a small portion of Lincoln County and a small portion of Madison county.

Q10 How many customers do you serve?

A We serve over 4,600 customers. We serve 154 in Lincoln County, 52 in Madison County, and over 4,400 in Garrard County.

Q11 As you know, the PSC recently consolidated the complaint case filed by Dathan Lee Lane and the complaint case filed by Donald Parker. Do you know why these cases were consolidated or merged?

A Yes, I suppose so. According to the PSC Order, these cases involve similar issues about Garrard Water's policy regarding placement of water meters. Both Mr. Lane and Mr. Parker were denied water service because they do not own land which abuts a road where a water distribution line is located.

Q12 Are these two persons neighbors or do they live on the same road?

A No. Mr. Lane lives in Garrard County and Mr. Parker lives several miles away in the western edge of Madison County.

Q13 Were they both denied water service for the same reason?

A Yes. Neither person owns property which abuts a road or has frontage along a public road where there is a water distribution line. You have to travel back a private road to get to each property owner's residence.

Q14 Does Garrard Water have a policy which prevents you from setting a water meter under circumstances like this?

A Yes. Garrard Water's tariff contains several pages of rules and regulations. These rules and regulations contain the policies for operation of our water system. Some of the provisions deal with eligibility for water service. The tariff was approved by the PSC in 1990. There are several different provisions in our tariff which address this situation.

Q15 Before we discuss the facts of Mr. Lane's case and Mr. Parker's case, may we discuss, in general terms, Garrard Water's tariff and how it was developed?

A Yes.

Q16 When was your present tariff approved by the PSC?

A In 1990. Our tariff was completely rewritten at that time and approved by the PSC. It was a long process that took several months.

Q17 Please tell us about that process.

A In 1990 Garrard Water needed to make several changes to its tariff. One of the problems we had to address was how to determine who is eligible to be a customer and who is not eligible.

Q18 Why was this a problem?

A Before the tariff was revised, Garrard Water would set a water meter for a person even if that person did not own any property fronting on the road where the water distribution line was located. This meant someone had to get permission from the property owner where the meter was going to be located before the prospective customer's meter could be installed. Then, the customer needed to get permission to lay his service line across the affected property owners. There might be one property owner or several property owners involved, depending upon the length of the service line from the meter to the customer's residence. Property is bought and sold. People

die. Sometimes, the customers failed to record the easements. Sometimes, the new property owners would not have a title search done and they would not know about someone else's water line crossing their property until the line failed and it needed to be repaired or replaced.

Q19 Were there other reasons why Garrard Water changed its policy?

A Yes. Some of the other problems encountered by Garrard Water were:

1. Long service lines leading from the meter to a person's house causes poor water pressure and low flow at the point of service due to friction loss in the service line. This leads to customer complaints;
2. Long service lines mean more leaks and customer complaints;
3. Poor "clean-up" or land restoration where the service line crossed the property of others. Garrard Water had no control over this situation. The owner of the property would complain to us even though it was not our water line. The service line belonged to the customer. It was his responsibility;
4. Damage to the service line by property owners. The service line often crossed the property of more than one owner, none of whom were getting water service from that line. If they damaged the line because of plowing a field or some other activity, they were not out of water service. They had no incentive to repair the line. Garrard Water would often get caught in the middle of these situations, both administratively and financially;
5. Other people would tap onto the service line without our knowledge. We have a policy that each residence must have a separate meter. Two houses cannot receive water service from the same meter. If you have a long service line that crosses

several different properties, it is impossible to enforce this policy; and

6. Administrative nightmare in making sure that the prospective customer obtained easements from all the necessary property owners and recorded those easements before the meter was installed and before the customer installed his service line. Sometimes, one of the properties would change ownership before this process could be completed. We might not know about the property transfer.

Should I continue? Would you like to hear more reasons?

Q20 That is enough for now. Under your old policy, did you experience any problems with subdivision developers?

A Yes. One specific problem comes to mind. It involved a problem about a proposed subdivision at the end of Canoe Creek Road. We had an existing 2" distribution line along Canoe Creek Road. A developer wanted to develop a subdivision at the end of the road where the line stopped. We told him we could not adequately serve the subdivision from the 2" line. We refused to let him connect to our 2" line and extend a water main into his proposed development. He was not going to be outdone. The developer then requested that we set several meters (one for each lot in his proposed subdivision) at the end of the road where the 2" line stopped. He was then going to run a service line from each meter to the respective lot that would be served by that meter. We did not approve of this method, but we

could not stop him. We had nothing in our tariff that prohibited such an arrangement.

Q21 What happened?

A Fortunately, the Division of Water did not approve his plans.

Q22 Let us now focus on the process of changing your tariff and why you adopted your current policy on placement of meters and who is eligible to be a customer. Please tell us about that process.

A In developing our current policy and tariff we had at least two (2) conferences with PSC staff. They gave us a copy of Kentucky-American Water Company's tariff and suggested we use it as an example and guide. It contained a lot of provisions which did not apply to us, but we used several provisions that were in Kentucky-American's tariff.

Q23 Do you recall who the PSC Staff members were who assisted you?

A Kathleen Dorman was the lead attorney. Becky Goodman and Barbara Jones were also present at the conferences. There may have been others, but I don't remember their names.

Q24 Did you inform the PSC Staff about your problems with setting meters for customers who did not own any property along the road where the water distribution line was located?

A Yes. We referred to these prospective customers as “close” property owners or persons who owned property in close proximity to an existing water line. We explained the procedure that we were following about setting the meter on someone else’s property. We called that property the “host” property because it served as the host for the meter and the service line extending from the meter to the customer’s residence. We made the PSC Staff aware of some of the problems we had experienced because of our past policy.

Q25 Did the PSC Staff offer any suggestions for dealing with situations where prospective customers did not own any land adjacent to your water line?

A Yes. They strongly suggested that we stop this practice and not set meters for customers unless those customers owned property adjacent to the water distribution line.

Q26 Did you accept the advice given you by the PSC Staff?

A Yes. You bet we did.

Q27 Did you change your tariff?

A Yes. Garrard Water adopted a new policy whereby we refused to provide water service to a prospective customer unless that person owns land which abuts a road where there is a water distribution line.

Q28 Was this policy incorporated into your tariff.

A Yes.

Q29 Was the tariff approved by the PSC?

A Yes. It was approved in 1990.

Q30 Has Garrard Water's policy changed since then?

A No. Our current policy is included in our tariff and it has not changed since 1990.

Q31 Did changing your policy in 1990 help eliminate some of the problems you discussed earlier?

A Yes. Once we explain the policy and the reasons for the policy to prospective customers, most of them understand. We have had very few problems since the tariff was changed in 1990. I have been pleasantly surprised how well this policy change has worked. Sometimes changing policies and procedures helps and sometimes it hurts. In this situation, changing the policy was definitely the right thing to do.

Q32 Will you locate the provisions in your tariff that address the situation presented by Mr. Lane and Mr. Parker?

A Certainly, There are several provisions in the tariff which must be read together. A tariff is the sum of its parts and must be interpreted and enforced as a whole.

Q33 Where is the first provision?

A First, you must look at the definitions section found in paragraph 2(b) on page 2 of the tariff.

Q34 Would you agree for page 2 of the tariff to be attached to your testimony as *Exhibit 1* and incorporated by reference?

A Yes.

Q35 Paragraph 2(b) defines a “bona fide prospective customer”. Would you summarize that definition for us?

A Yes. A customer cannot receive water service unless he is a “bona fide prospective customer”. To be a “bona fide prospective customer” and, hence, be eligible for water service from an **existing** distribution line, a person must either own property or be a lessee of premises which abuts a road where a water distribution line is located. There are other requirements contained in the definition, but they are not relevant in this case.

Q36 Are there other provisions in the tariff that apply?

A Yes. See pages 13, 14 and 15 of the tariff. Paragraph 9 is contained on these pages. It deals with this situation.

Q37 Would you agree for pages 13, 14 and 15 of Garrard Water’s tariff to be attached to your testimony as *Exhibit 2* and incorporated by reference?

A Yes.

Q38 Paragraph 9 deals with the installation of service lines. How does that address the situation presented in this case?

A Look at paragraphs 9(a) and 9(i). Paragraph 9(a) of the tariff states that Garrard Water will install that portion of the service line extending from the water distribution main up to the meter if the water service is “to **premises abutting the public highway** upon which such mains are located”.

Q39 Please explain paragraph 9(i) and its importance.

A Paragraph 9(i) of the tariff addresses the portion of the service line or pipe that is installed, owned and maintained by the customer. It states that the customer’s service pipe “shall not be laid in driveways, **nor pass through premises other than that to be supplied**”.

Q40 How do paragraphs 9(a) and 9(i) relate to paragraph 2(b)?

A Paragraphs 9(a) and 9(i) are consistent with paragraph 2(b) of Garrard Water’s tariff. Taken as a whole, or read individually, the provisions of the tariff are clear and unambiguous. Garrard Water’s policy prohibiting water service to a prospective customer whose property does not abut a water line is clearly understood if you read all these provisions.

DATHAN LEE LANE

Q41 Now, let us turn our attention to the facts of these two cases. First, let us address Mr. Lane. Are you familiar with his situation?

A Yes. Mr. Lane lives and owns property at 325 Stiendorf Lane, which is a private, dead-end road. He lives approximately 0.3 of a mile, or approximately 1700 feet, from the intersection of Locust Lane and Steindorf Lane. Locust Lane is a county road.

Q42 Is there a water distribution line on Steindorf Lane?

A No. The closest water distribution line to Mr. Lane's property is located on Locust Lane at the intersection of Locust Lane and Stiendorf Lane. There are at least two (2) other property owners between Mr. Lane's property and Locust Lane.

Q43 Do you have a copy of an aerial photograph which depicts the location of Mr. Lane's property in relationship to Locust Lane?

A Yes. We took an aerial photograph from our photograph files and labeled Locust Lane, Stiendorf Lane, the location of the water distribution line, Mr. Lane's property, and certain other information.

Q44 Does this aerial photograph or map fairly and accurately depict the location of Mr. Lane's property and the other relevant features shown on the map.

A Yes.

Q45 Will you agree for the aerial photograph to be attached to your testimony as *Exhibit 3*?

A Yes.

Q46 When did Mr. Lane apply for water service?

A Mr. Lane applied for water service from Garrard Water on or about May 30, 2002. He paid the required meter connection (tap) fee by making a check payable to Garrard Water and signed a Contract for Water Services.

Q47 Do you have a copy of the signed contract?

A Yes.

Q48 Will you agree for a copy of the signed contract to be attached to your testimony as *Exhibit 4* and to be incorporated by reference?

A Yes.

Q49 What happened after Mr. Lane applied for water service?

A When Garrard Water personnel realized that Mr. Lane did not own property abutting the water distribution line, we contacted Mr. Lane to schedule a meeting. I met with Mr. Lane, explained why he was not eligible to receive water service, and returned his check to him.

Q50 Please explain why Mr. Lane was not eligible for water service?

A Garrard Water denied water service to Mr. Lane because he was not, and still is not, a “bona fide prospective customer” as this term is defined in paragraph 2(b) of our tariff. Since there is no water distribution line in front of Mr. Lane’s property, he is ineligible for water service from an **existing** distribution line at this time. The closest water distribution line is approximately 1700 feet away.

Q51 Is there another way for Mr. Lane to obtain water service?

A Yes. Mr. Lane can obtain water service by either individually sponsoring, or jointly sponsoring with his neighbors, a distribution line extension project to extend a distribution line along Stiendorf Lane. Both Garrard Water’s tariff and the PSC’s regulations, 807 KAR 5:066, Section 11, provide for such extensions.

Q52 Has this option been discussed with Mr. Lane?

A Yes.

Q53 Did he desire to sponsor or co-sponsor a distribution line extension along Steindorf Lane?

A No.

DONALD PARKER

Q54 Now, let us turn our attention to the complaint filed by Mr. Donald Parker.

Are you familiar with his situation?

A Yes. Mr. Parker owns property near Caleb Lane, but he does **not** have

any road frontage along Caleb Lane. He gains access to his property by use of an access easement which crosses the land of Michael Broughton.

Q55 Where is Caleb Lane located?

A It is in western Madison County a few miles east of Paint Lick.

Q56 Do you have in front of you a drawing or a sketch which depicts the location of Mr. Parker's property in relation to Caleb Lane and the adjoining property owners?

A Yes.

Q57 Does this sketch fairly and accurately depict the location of Mr. Parker's property, his means of gaining access to it, Garrard Water's water line distribution line along Caleb Lane and the other features shown on the sketch?

A Yes, but the sketch is not to scale. It does, however, make it easier to visualize what we are talking about.

Q58 Will you agree for this sketch to be attached to your testimony as *Exhibit 5*?

A Yes.

Q59 When did Mr. Parker apply for water service?

A Mr. Parker applied for water service from Garrard Water on or about June 23, 2003. The closest water distribution line to Parker's property is located along Caleb Lane.

Q60 Was he denied water service?

A Yes. Garrard Water denied water service to Mr. Parker because he was not, and still is not, a "bona fide prospective customer" as this term is defined in paragraph 2(b) of our tariff. To be a "bona fide prospective customer" and, hence, be eligible for water service from an existing distribution line, a person must either own property or be a lessee of premises which abuts a road where a water distribution line is located. Since Mr. Parker's land does not abut the water distribution line along Caleb Lane, he is ineligible for water service from an existing distribution line. Therefore, he was denied water service.

Q61 Is there another option available for Mr. Parker to obtain water service?

A Yes. Mr. Parker can obtain water service by either purchasing property contiguous to his existing property so that he will then own property fronting on Caleb Lane. He can also sponsor a distribution line extension project to extend a distribution line to the edge of his existing property. Both our tariff and the PSC's regulations, 807 KAR 5:066, Section 11, provide for such an extension.

Q62 Did you explain both of these options to him?

A Yes.

Q63 Has he expressed a desire to pursue either of these options?

A No.

Q64 Did you receive a copy of the Answer which I filed on behalf of Garrard Water in both the Lane case and the Parker case?

A Yes.

Q65 Did you assist me in the preparation of those Answers?

A Yes.

Q66 Are the facts presented in those Answers correct to the best of your knowledge and belief?

A Yes.

Q67 Do you have a copy of the Response of Garrard Water Association, Inc. to the information Request made by PSC staff at the Informal Conference held as part of the Lane case?

A Yes. I believe the Response is dated August 22, 2003.

Q68 Did you assist me in the preparation of that Response?

A Yes.

Q69 Are the facts and information contained in that Response correct to the best of your knowlege and belief?

A Yes. I thought you did a very good job in answering the questions and presenting the information.

Q70 Do you believe Garrard Water should change its rules and regulations to allow the installation of water meters for persons such as Mr. Lane, Mr. Parker and others who do not own property abutting a water distribution line?

A No! Garrard Water's current policy does not need to be changed. There are valid reasons for this policy. Our tariff states that we will **not** provide water service to a prospective customer unless that person's property abuts a water line. Our policy prohibits a meter from being set on someone else's property. Without this policy, a prospective customer, such as Mr. Lane or Mr. Parker, would need to run his service line across the property of others. The reasons for adopting this policy in 1990 are still valid today. Our Board of Directors has discussed this matter at length since these complaints were filed by Mr. Lane and Mr. Parker. We are strongly opposed to changing this policy.

Q71 Does this conclude your testimony?

A Yes.

VERIFICATION

HAROLD C. WARD, being first duly sworn, states that he has read the foregoing Testimony and that it is true and correct to the best of his knowledge and belief.

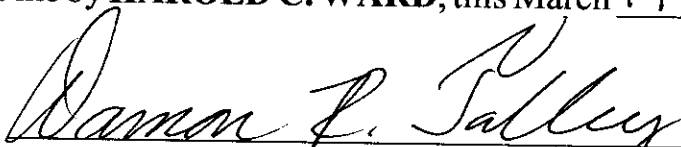


HAROLD C. WARD

COMMONWEALTH OF KENTUCKY)

COUNTY OF GARRARD)

Subscribed and sworn to before me by **HAROLD C. WARD**, this March 19, 2004.



NOTARY PUBLIC, State at Large

My Commission Expires: 6-9-2007

	P.S.C. Ky. No.	<u>2</u>
	Original Sheet No.	<u>1</u>
<u>Garrard County Water Association, Inc.</u>	Cancelling P.S.C. Ky. No.	<u>1</u>
	Second Revised Sheet No.	<u> </u>

RULES AND REGULATIONS

1. SERVICE CLASSIFICATION:

There shall be no distinction of this category as all customers will be served in a like manner.

2. DEFINITIONS APPLICABLE TO RULES AND REGULATIONS:

(a) "Customer" shall mean any person, firm, corporation or municipality supplied with water service by Garrard County Water Association pursuant to these Rules and Regulations.

(b) "Bona fide prospective customer" shall mean any owner or lessee who is to be the occupant of an existing developed premises having a frontage abutting on that part of a street or public highway in which there is, or is to be, located a distribution main of the Company, who shall file a signed application for a new street service connection and for water service to such premises to be occupied.

(c) "Company" shall mean the Garrard County Water Association acting through its officers, managers, or other duly authorized employees or agents.

(d) "Service pipe" as referred to in these Rules and Regulations consists of the following, viz:

(1) The curb cock and curb box, or coppersetter when installed in a meter box.

(2) The pipe between the Company main and the curb cock or coppersetter.

(e) "Customer's service pipe" is that portion of the service line between the meter box at or near the curb line, and the structures or premises to be supplied.

(f) "Premises" as contemplated in these Rules, mean and include:

(1) a building under one roof and occupied as one business

PUBLIC SERVICE COMMISSION

DATE OF ISSUE	Dec. 6, 1989	DATE EFFECTIVE	August 1, 1990
ISSUED BY	<u>Harold C. Ward</u>	TITLE	<u>President</u>

PRESIDENT, PUBLIC SERVICE COMMISSION

EXHIBIT 2

	P.S.C. Ky. No.	<u>2</u>
	Original Sheet No.	<u>13</u>
<u>Garrard County Water Association, Inc.</u>	Cancelling P.S.C. Ky. No.	<u>1</u>
	Second Revised Sheet No.	<u> </u>

RULES AND REGULATIONS

(c) Discontinuing the supply of water to a premises for any reason shall not prevent the Company from pursuing any lawful remedy by action at law or otherwise for the collection of monies due from the Customer.

8. RENEWAL OF WATER SERVICE AFTER DISCONTINUANCE

(a) When water service to a premises has been terminated for any reason, it will be renewed only after the conditions, circumstances or practices which caused the water service to be discontinued are corrected to the satisfaction of the Company, and upon payment of all charges due and payable by the Customer in accordance with the Rates, Rules and Regulations.

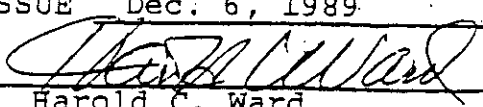
(b) No Customer whose service has been turned off shall turn on same, or have same done by anyone other than the Company.

(c) When it has been necessary to discontinue water service to any premises because of a violation of the Rules and Regulations or on account of non-payment of any bill, a charge will be made to cover the expense of turning on the water as set forth in the Company's schedule of rates and charges. This charge, together with any arrears that may be due the Company for charges against the Customer, and any service deposit required by the Company, must be paid before the water will again be turned on.

9. INSTALLATION OF SERVICE LINES

(a) Where its mains are now or may hereafter be laid, the Company will, at its expense, install the service pipe and appurtenances between the water main along the roadway up to and including the stop cock and curb box, or the coppersetter when installed in the meter box at or near the property line, provided that the service pipe is required for the immediate and continuous supply of water for general water service to premises abutting the public highway upon which such mains are located; and all such service pipes and appurtenances shall be installed only by the Company.

(b) The Company will maintain such service pipes and appurtenances

DATE OF ISSUE	Dec. 6, 1989	DATE EFFECTIVE	AUG 1 1990
ISSUED BY	 Harold C. Ward	TITLE:	President

	P.S.C. Ky. No.	<u>2</u>
	Original Sheet No.	<u>14</u>
<u>Garrard County Water Association, Inc.</u>	Cancelling P.S.C. Ky. No.	<u>1</u>
	Second Revised Sheet No.	<u> </u>

RULES AND REGULATIONS

laid by it, but it will not maintain any service pipes which are Customer-owned.

(c) The Company will make all connections to its mains and will specify the size, kind and quality of all materials.

(d) The corporation cock, curb cock, curb box, meter box, and the street service pipe from the street main to the curb cock will be furnished, installed and maintained by the Company, and shall remain under its sole control and jurisdiction.

(e) The curb box or meter box will be set on a level with the grade of the property as found and shall be kept accessible at all times.

(f) The Company reserves the right to determine the size of each connection to its mains, and the service installed therefrom.

(g) The Company will specify the size, kind and quality of the materials comprising the Customer's service pipe from the curb line to the place of consumption, but same shall be furnished, installed and maintained by the Customer at his own expense and risk.

(h) The Customer's service pipe, all connections and appurtenances attached thereto shall be subject to the inspection of the Division of Plumbing or the Company before the water will be turned on, and all premises receiving a supply of water and all service pipe, valves, and connections, including any and all connections within the said premises, shall at all reasonable hours be subject to inspection by any duly authorized employees of the Company.

(i) The service pipe shall be laid below the frost line (twenty-four (24) inches below ground level) at all points and shall be placed on firm and continuous earth so as to give unyielding and permanent support, shall not be laid in driveways, nor pass through premises other than that to be supplied, and shall be installed in a trench at least two feet in a horizontal direction from any other trench wherein are laid gas pipe, sewer pipe, or other facilities, public or private.

PUBLIC SERVICE COMMISSION
 CREATION
 EFFECTIVE

DATE OF ISSUE July 31, 1990

DATE EFFECTIVE August 1, 1990

ISSUED BY

Harold C. Ward

AUG 1 1990

TITLE: President

PURSUANT TO

P.S.C. Ky. No. 2
Original Sheet No. 15
Garrard County Water Association, Inc.
Cancelling P.S.C. Ky. No. 1
Second Revised Sheet No.

RULES AND REGULATIONS

(j) The Customer shall install a cut-off valve of a type approved by the Company on the service pipe before the first point of use, and to be located so as to be easily accessible to the occupants and to provide proper drainage for all of the pipes in the building.

(k) Where a street service connection is already laid to the curb line, the Customer shall connect with the service connection as laid.

(l) When a Customer service pipe is relocated at the Customer's request, the Customer shall be responsible for the cost of such relocation.

(m) No attachment to the service pipe or any branch therein shall be made between the meter and the street main.

(n) Each premise shall be supplied through an independent service pipe from a separate curb cock or meter box.

(p) The Company shall in no event be liable for any damage done or inconvenience caused by reason of any break, leak or defect in, or by water escaping from service pipes or fixtures on the premises of the owner or Customer.

10. CROSS CONNECTIONS

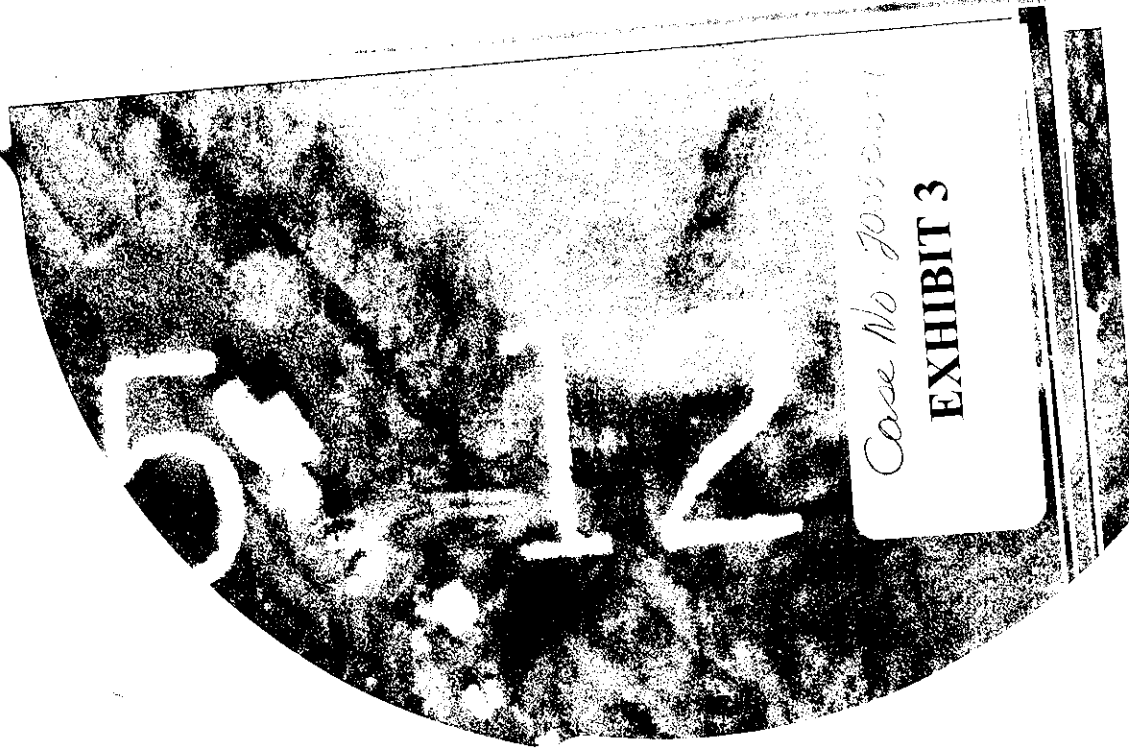
(a) Interconnections, as defined below, and any and all physical connections between the public water supply and any industrial,

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

AUG 1 1990

PURSUANT TO
ASSOCIATION
BY

DATE OF ISSUE June 19, 1990 DATE EFFECTIVE August 1, 1990
ISSUED BY Harold C. Ward TITLE: President



Maps
Received 3-22-04

Case No. 2003-00399

EXHIBIT 3

EXHIBIT 4

CONTRACT FOR WATER SERVICES

THIS CONTRACT made and entered into this 30th day of May 2002, between Dathan Lane whose address is 335 Seward Lane Lancaster, party of the first part, and THE GARRARD COUNTY WATER ASSOCIATION, INC., of Lancaster, Kentucky, party of the second part,

WITNESSETH that for and in consideration of the efforts of the party of the second part, acting through the Garrard County Water Association Board of Directors, the party of the first part agrees to pay a connection fee of \$ 400.00 at the time of signing this contract to connect to the water system and to pay at least a minimum bill monthly thereafter as soon as the 3/4" x 5/8" inch meter is installed by the Association and water is made available to the meter, regardless of whether the first party connects to the system. The above connection fee does not include any rock boring or rock excavation. In the event that road boring is found to be necessary to reach the meter location or rock excavated, these additional expenses shall be the responsibility of the party of the first part, the customer.

The Party of the First Part agrees to permit the Association to lay, maintain, repair, remove and disconnect a service line and meter and read meters at a point on customer's property to be designated by the Association for each signed connection with the right of ingress and egress on the property.

The Party of the First Part agrees that no other present or future source of water will be connected to any waterlines served by the Association's waterlines and will disconnect from his present water supply prior to connecting to and switching to the Association's system and shall eliminate their present or future cross-connections in his system.

A separate water meter must be installed for each residence, i.e. trailer, duplex, apartment, etc. Any business, other than farm use, shall also require a separate meter.

The Party of the First Part shall install and maintain at his own expense a service line which shall begin at the meter and extend to the dwelling or place of use.

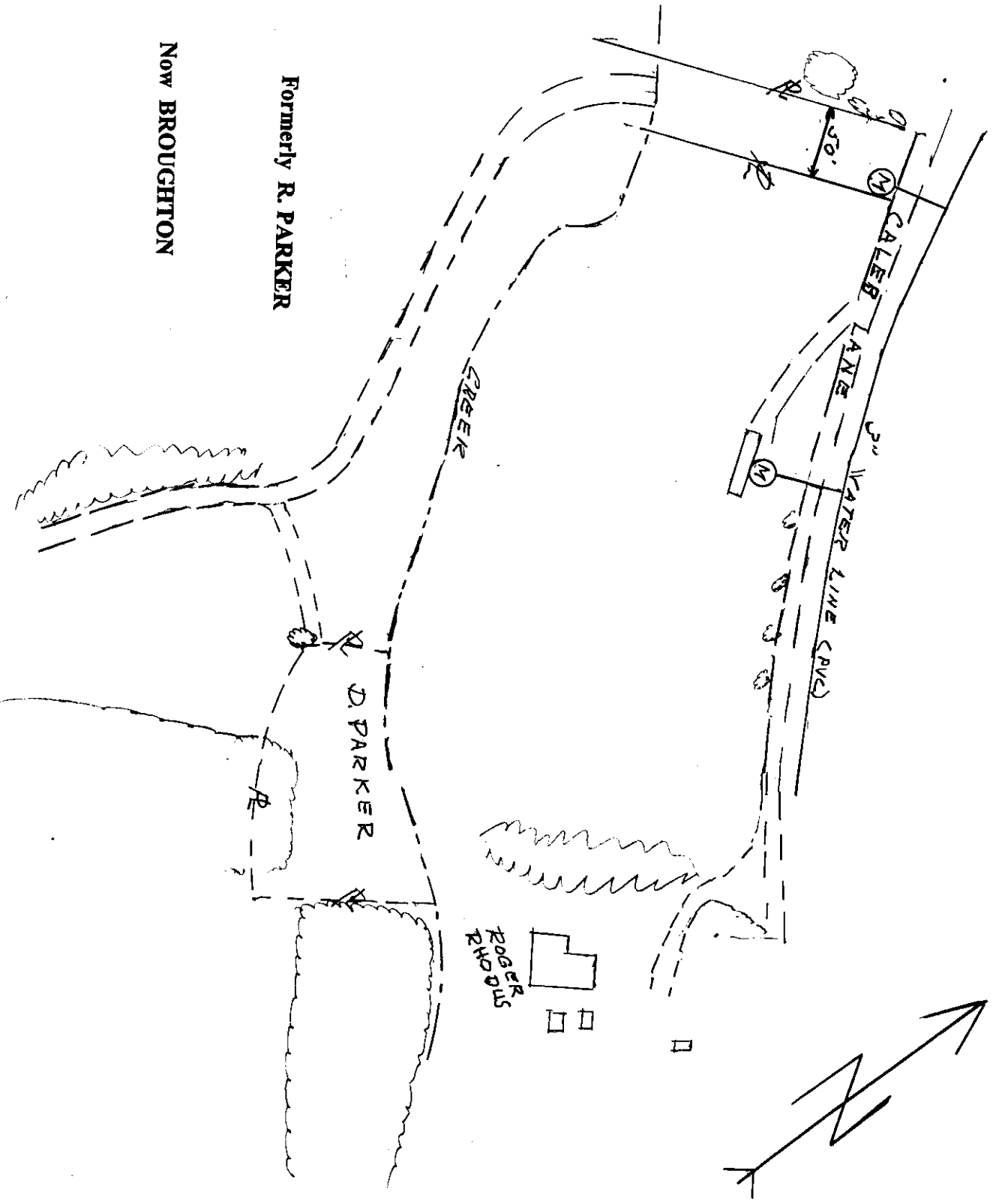
A plumbing permit must be obtained prior to the installation of the water service or inspected by Association personnel if the new service is to serve a farmstead.

The Party of the First Part agrees to comply with and be bound by the Articles, Bylaws, Rules and Regulations of the Association now in force, or as hereafter duly and legally supplemented, amended or changed.

[Signature]
Party of the First Part
SS# 401-27-3518

GARRARD COUNTY WATER ASSN., INC.

By: [Signature] President
Party of the Second Part



Formerly R. PARKER
Now BROUGHTON

